

ASSEMBLY BILL

No. 2670

Introduced by Assembly Member Medina

February 21, 2014

An act to amend Section 13997.6 of, and to add Chapter 7 (commencing with Section 63100) to Division 1 of Title 6.7 of, the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2670, as introduced, Medina. Small Business Technical Assistance Act of 2014.

The Economic Revitalization Act establishes the Governor's Office of Business and Economic Development, also known as "GO-Biz," to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank within GO-Biz to, among other things, assist in the promotion of economic development throughout the state.

This bill would enact the Small Business Technical Assistance Act of 2014, within the bank under the direction of GO-Biz to, among other things, serve as the lead state entity for overseeing the state's participation with the federal California Small Business Development Center Program. This act would also recognize the federal program. This act would authorize GO-Biz or any other state entity to contract with an Administrative Lead Center established under the federal program. This act would require the State Chair of the California Small Business Development Center Leadership Council, established under

the federal program, to report specific information to GO-Biz relating to any year that state funds are appropriated to support an Administrative Lead Center, and would, in turn, require the director of GO-Biz to provide that report to the Legislature and post the report on the GO-Biz's Internet Web site. This bill would also require the state chair, as a condition of accepting state funds, to allow access to other information about the program under certain conditions. This bill would make legislative findings and declarations in this regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 13997.6 of the Government Code is
2 amended to read:

3 13997.6. (a) The California Economic Development Fund is
4 hereby created in the State Treasury for the purpose of receiving
5 federal, state, local, and private economic development funds, and
6 receiving repayment of loans or grant proceeds and interest on
7 those loans or grants.

8 (b) Upon appropriation by the Legislature, moneys in the fund
9 may be expended by the Governor's Office of Business and
10 Economic Development, *without regard to fiscal year*, to provide
11 ~~matching~~ funds for loans, *matching funds*, or grants to public
12 agencies, nonprofit organizations, and private entities, and for
13 other economic development purposes, consistent with the purposes
14 for which the moneys were received.

15 SEC. 2. Chapter 7 (commencing with Section 63100) is added
16 to Division 1 of Title 6.7 of the Government Code, to read:

17
18 CHAPTER 7. SMALL BUSINESS TECHNICAL ASSISTANCE ACT OF
19 2014
20

21 63100. This chapter shall be known, and may be cited, as the
22 Small Business Technical Assistance Act of 2014.

23 63105. The Legislature finds and declares all of the following:

24 (a) The California Small Business Development Center Program
25 plays a significant role in expanding and supporting California
26 small businesses. There are more than 1,000 Small Business
27 Development Centers in the United States and its territories, and

1 there are over 30 Small Business Development Centers located in
2 regions throughout California.

3 (b) The primary role of the California Small Business
4 Development Center Program, a component of the federal Small
5 Business Development Center Program, is to provide technical
6 assistance to the state's small businesses, including tracking
7 assistance and outcomes that result in a meaningful contribution
8 to the California economy.

9 (c) Within the state, the California Small Business Development
10 Center Program is administered through six Regional Small
11 Business Development Center Networks, as follows: Northern
12 California; Northeastern California; Central California; Orange
13 County/Inland Empire; Los Angeles; and San Diego. Each regional
14 network is managed by an Administrative Lead Center, designated
15 by the federal Small Business Administration through a cooperative
16 agreement, and affiliated with one public institution of higher
17 education. The centers are responsible for securing required
18 one-to-one matching funds to draw down federal appropriations,
19 according to a population-based formula determined by the United
20 States Census, and the regional networks are held accountable for
21 their productivity and required to submit regular performance
22 reports to the Office of Small Business Development Centers,
23 within the federal Small Business Administration.

24 (d) Throughout the six regional networks there are more than
25 30 full-time Small Business Development Centers, with multiple
26 additional outreach locations serving small businesses in this state.
27 These centers provide assistance to existing businesses in the areas
28 of financing, government contracting, business planning and
29 management, marketing, international trade, energy efficiency and
30 sustainability, and disaster preparedness. The centers also provide
31 expert advice to technology companies in the areas of business
32 and financial plan preparation, angel and venture capital
33 presentation preparation, funding strategies, product positioning,
34 market launch strategies, applications for federal grants, technology
35 transfers with research universities, intellectual property issues,
36 and strategic partnerships. The centers work in collaboration with
37 various partners to provide these services, including, but not limited
38 to, the federal Small Business Administration, the United States
39 Department of Commerce, the United States Department of
40 Agriculture, the Governor's Office of Business and Economic

1 Development, the California Innovation Hub Program, the
2 California Community Colleges, the California State University,
3 the University of California, local workforce investment boards,
4 economic developers, cities, counties, and chambers of commerce.

5 63110. The following definitions apply for the purposes of this
6 chapter:

7 (a) “Act of Congress” refers to the act of Congress signed into
8 law on July 2, 1980, entitled “The Small Business Development
9 Act of 1980” (Public Law 96-302) which authorized the Small
10 Business Development Center program, operated by the Small
11 Business Administration.

12 (b) “Administrative Lead Center” means the entity with which
13 the federal Small Business Administration contracts with to
14 administer the Small Business Development Center Program within
15 a state or district. The Administrative Lead Center is directly
16 accountable to the Small Business Administration for all aspects
17 of the Small Business Development Center, including staffing,
18 program, outreach, and securing the required one-to-one match to
19 draw down federal funds to operate the program in the
20 Administrative Lead Center’s area of responsibility.

21 (c) The “California Small Business Development Center
22 Program” is comprised of the six regional networks of Small
23 Business Development Centers operating in the state pursuant to
24 a cooperative agreement between the Administrative Lead Centers
25 and the federal Small Business Administration.

26 (d) “California Small Business Development Center Leadership
27 Council” refers to the entity that is comprised of the directors of
28 the Administrative Lead Centers that coordinate the regional
29 networks of small business development centers. The council is
30 the statewide entity tasked with negotiating partnerships on behalf
31 of the California Small Business Development Center Program,
32 leveraging operational and technical assistance for best practices
33 across the six regions, and working with the state government to
34 maximize the economic impact of the federal Small Business
35 Development Center Program within the state.

36 (e) “Director” means the Director of the Governor’s Office of
37 Business and Economic Development.

38 (f) “Federal match” means the money committed to the
39 operations of the regional network of Small Business Development
40 Centers by an Administrative Lead Center, which have come from

1 a nonfederal government source of moneys. The federal match is
2 used to draw down moneys from the federal Small Business
3 Administration.

4 (g) "Office" means the Governor's Office of Business and
5 Economic Development.

6 (h) "Regional Directors" refers to the highest level personnel
7 charged with management and oversight of a regional network of
8 Small Business Development Center Networks, and who are
9 employed by the Administrative Lead Centers pursuant to
10 guidelines from the federal Small Business Development Center.
11 There are six Regional Director positions in California.

12 (i) "Regional network of Small Business Development Centers"
13 refers to the Small Business Development Centers which are
14 administered under a single Administrative Lead Center. There
15 are six California Regional Small Business Development Center
16 Networks: Northern California, Northeastern California, Central
17 California, Orange County/Inland Empire, Los Angeles, and San
18 Diego.

19 (j) "Small Business Development Center" refers to an individual
20 physical location, recognized by the federal Small Business
21 Administration and overseen by the Administrative Lead Center,
22 where a small business owner or an aspiring entrepreneur can
23 receive free one-on-one consulting and low at-cost training on a
24 variety of topics including starting, operating, and expanding a
25 small business.

26 63115. (a) The office shall serve as the lead state entity for
27 overseeing the state's participation with the California Small
28 Business Development Center Program. The office may collaborate
29 and support the Administrative Lead Centers in the provision of
30 technical assistance and other related services to small businesses
31 through their regional networks of Small Business Development
32 Centers.

33 (b) The office or any other state entity may contract with an
34 Administrative Lead Center. If a contract is entered into and money
35 is exchanged for services, the Administrative Lead Center or
36 centers shall report on those activities as specified in Section
37 63125.

38 (c) Any public or private corporation authorized to establish,
39 operate, and maintain a small business development regional center
40 whose application is granted pursuant to the terms of the Act of

1 Congress may establish, operate, and maintain the center subject
2 to the conditions and restrictions of the Act of Congress, and any
3 amendments thereto.

4 63120. (a) The state recognizes that the Small Business
5 Development Center may, pursuant to the Act of Congress, on
6 January 1, 2014, offer a range of services, including, but not limited
7 to:

8 (1) Providing specialized one-on-one counseling and technical
9 assistance in the areas of financing, government contracting,
10 business planning and management, marketing, international trade,
11 energy efficiency, sustainability, and disaster preparedness for
12 small businesses with the greatest potential for job retention and
13 creation.

14 (2) Providing expert business startup advising, including legal
15 requirements for starting a business and access to capital for small
16 businesses and entrepreneurs with the greatest potential to start
17 companies and provide jobs within California.

18 (3) Providing commercialization assistance to new and emerging
19 technology companies in the areas of business and financial plan
20 preparation, angel and venture capital presentation preparation,
21 funding strategies, product positioning, market launch strategies,
22 application for Small Business Innovation Research and Small
23 Business Technology Transfer federal grants, technology transfer
24 to and from research universities, intellectual property issues, and
25 strategic partnerships.

26 (4) Conducting regional and local workshops, seminars, and
27 conferences with local partners to meet the needs of small business
28 clients.

29 (5) Providing services to link small businesses to research and
30 development institutions for the purposes of transferring new
31 technology to a new or an expanding small business.

32 (6) Assisting with the commercialization of technology products
33 or services and with the preparation of raising funds.

34 (7) Providing assistance to high growth and highly scalable
35 businesses and entrepreneurs seeking angel and venture capital by
36 preparing and positioning them for funding.

37 (8) Coordinating with employee training and placement
38 programs.

1 (9) Providing market research and planning assistance to local,
2 regional, and statewide economic development partners, projects,
3 and collaborations.

4 (10) Gathering, analyzing, and maintaining information on the
5 economic impact of business assistance provided by the Small
6 Business Development Center and other organizations.

7 (b) The Administrative Lead Center is responsible for oversight,
8 management, and compliance of the Small Business Development
9 Centers in its geographic region, in accordance with state law and
10 the Act of Congress.

11 (c) In accordance with the Act of Congress, the California Small
12 Business Development Center program is required to provide a
13 federal match of at least one-to-one with nonfederal funds, and is
14 thus authorized to receive grants, gifts, and other sources of funds
15 to support its mission.

16 63125. (a) On or before August 30 following any year that
17 state funds are appropriated to an Administrative Lead Center for
18 the support of the California Small Business Development Center
19 Program, the State Chair of the California Small Business
20 Development Center Leadership Council shall provide a written
21 report to the office consistent with the requirements of this section.

22 (b) Each Administrative Lead Center shall agree to the reporting
23 requirement in this section as a condition of receiving state funds.
24 As a further condition for receiving state funds, the State Chair of
25 the California Small Business Development Center Leadership
26 Council shall arrange to provide the office with access to similar
27 information, in both a similar timeframe and format, that an
28 Administrative Lead Center may provide to the federal Small
29 Business Administration on client services and the economic
30 impact of the California Small Business Development Center
31 Program. Information provided to the office shall meet applicable
32 privacy standards and shall not disclose the name of an individual
33 business.

34 (c) A report prepared pursuant to subdivision (a) shall include,
35 but not be limited to, all of the following data:

36 (1) Number of businesses assisted.

37 (2) Number of employees employed by those businesses at the
38 time those businesses were assisted.

39 (3) Number of jobs created.

40 (4) Number of jobs retained.

- 1 (5) Estimated amount of state tax dollars generated from those
- 2 businesses.
- 3 (6) Industry sectors of the businesses assisted, as reported by
- 4 the assisted businesses.
- 5 (7) Increase in sales reported by businesses assisted as a result
- 6 of the program.
- 7 (8) The amount of capital infusion, in both debt and equity,
- 8 obtained by assisted businesses.
- 9 (9) Total amount of federal funds allocated to the region during
- 10 the reporting period.
- 11 (d) The director shall submit a copy of the report required
- 12 pursuant to subdivision (a) to the Legislature in compliance with
- 13 Section 9795 and post the report on the office's Internet Web site
- 14 no later than 30 days after the office receives the report.